

# Disclosure Brochure

April 1, 2013



PRIVATE INVESTMENT OFFICE

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Seven Post Investment Office LP (hereinafter "Seven Post"). If you have any questions about the contents of this brochure, please contact Eldridge F. Gray at (415) 341-9200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Seven Post Investment Office LP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Seven Post Investment Office LP is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Seven Post's last annual update dated March 29, 2012. Seven Post does not have any material changes to disclose in this Item.

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## Item 4. Advisory Business

Seven Post (“we,” “our,” or the “firm”) is a private investment office for clients with significant assets. Seven Post primarily serves its clients as their outsourced investment office in an objective, fiduciary capacity. We advise upon and manage broadly diversified, global multi-asset class portfolios. Our services are further enhanced through our focus on customized financial analysis, overall portfolio risk management, capital markets expertise, coordinated tax planning, consolidated investment reporting and third-party institutional custody of client assets. Client portfolios are typically implemented as separately managed core assets complemented by strategies managed by unaffiliated, third party managers (“Sub-Advisors”). Prior to engaging Seven Post to provide investment advisory services, the client enters into one or more written agreements with us setting forth the terms and conditions under which we render our services (the “Client Agreement”).

Seven Post was founded in 2011 and is a privately owned Delaware Limited Partnership, whose managing general partner is BlackOak GP, LLC. We believe that a private, independent investment firm, aligned with client interests, is the optimal business model for comprehensive investment management.

As of December 31, 2012, Seven Post had \$3,151,475,542 of assets under management. \$2,834,770,145 of these assets are managed on a discretionary basis and \$316,702,397 are managed on a non-discretionary basis.

### Investment Management Services

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Seven Post mandates typically encompass a client’s entire investment and financial portfolio. In order to provide comprehensive analyses, our customized mandates can also include analyses of concentrated public or private business interests and analyses of actual or contingent liabilities. These concentrated, illiquid assets and/or liabilities may not be directly managed by Seven Post, but they are considered in the overall investment strategy and planning.

At the outset of every engagement, and on an on-going basis, we encourage an active dialogue to gain an understanding of the client’s goals, objectives, and constraints. This dialogue typically leads to a detailed study of objectives, assets, liabilities, cash flow requirements, liquidity, risk tolerance and tax-status. Seven Post works with the client and their advisors to develop appropriate risk and return objectives, determine an appropriate investment objective, investment time horizon, distribution requirements, philanthropic and/or wealth transfer objectives and other factors that may impact the portfolio. Seven Post customizes its advisory services to the specific investment and management needs of each client. Seven Post generally assumes responsibility for day-to-day management of the client’s portfolio of investments. Clients are advised to promptly notify Seven Post if there are changes in their financial situation or investment objectives. Clients may impose reasonable restrictions on the management of their portfolio (e.g., require that a portion of their assets be invested in socially responsible funds) if, in our sole discretion, the conditions will not materially impact the performance of a

portfolio strategy or prove overly burdensome to our management efforts. Seven Post investment management services are the core of its activities.

### **Specialized Advisory Services**

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As part of its integrated services, Seven Post may be engaged to provide specialized financial analysis for specific projects or assets. These analytics are highly-customized and may involve a broad array of issues. Prior engagements have included asset/liability studies and custom analysis of private businesses and properties.

### **Capital Markets Advisory**

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Seven Post also provides capital markets advisory services where we seek to provide clients with an unbiased assessment of the services of global financial institutions. Based upon the experience and expertise of our senior professionals, Seven Post can create an analytical and competitive framework for reviewing these services and transactions. Prior assignments have included structural review of hedging and financing transactions and engagement of commercial and investment banking firms. Seven Post's advice is further enhanced by a wide variety of sources for market analysis, investment research and macro-economic reports.

## **Item 5. Fees and Compensation**

Fees for Seven Post's services will vary based upon the client's investment objectives, the extent of services required, the types of assets to be managed, and other factors.

### **Investment Management Fees**

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Seven Post's investment management fee structure seeks to align with clients' objectives of long-term growth of capital. Seven Post provides investment management and advisory services for an annual fee, calculated as a percentage of the market value of the assets under management. Seven Post's annual fee is prorated and charged quarterly, in arrears, based upon the average month end balance of the assets under management over the previous four months. The annual fee may range up to 1.25% of the market value of the assets under management. Our annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Seven Post does not, however, receive any portion of these commissions, fees, and costs.

### **Fees Relating to Sub-Advisors**

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Seven Post receives an annual advisory fee that is based upon a percentage of the market value of the assets being managed by the designated Sub-Advisors. The investment management fees charged by

the designated Sub-Advisors, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Seven Post's investment advisory fee.

### **Core Investment Strategy Management Fees**

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Seven Post may act as an investment advisor and manager for certain core fixed income and global equity strategies on a separately managed account basis for each client, subject to the terms of the Client Agreement. This is implemented in strategies in which adherence to a benchmark is a core objective and active manager fees would have a significant impact on performance. The fee structure for such core strategies is based on assets under management, and is in addition to advisory fees as outlined in the Client Agreement.

### **Fees Relating to Other Services**

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As a general matter, Seven Post provides clients with a wide array of analyses relating to their assets in order to provide the best overall strategic and tactical advice. In certain circumstances, clients may request analyses of special projects in order to further assess portfolio diversification, risks and opportunities. Depending on the scope of these analyses, certain additional fees may apply. Any such additional fees would be agreed upon in advance of providing such services.

### **Fees Charged by Financial Institutions**

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Seven Post does not provide brokerage, custody or trust services. Seven Post's fees are exclusive of brokerage commissions and fees charged by custodians, trustees, and Sub-Advisors.

Seven Post may only implement its investment management recommendations after the client has arranged for and furnished us with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include any financial institution recommended by Seven Post, or a client-directed broker-dealer, trust company or custodian (collectively referred to herein as the "Financial Institutions").

In light of the scale of Seven Post's aggregate relationships, Seven Post recommended Financial Institutions may provide a more favorable cost structure to clients than clients could achieve on their own.

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to Seven Post's fee.

The Client Agreement and the separate agreement with any Financial Institutions typically authorizes Seven Post or Sub-Advisors to debit the client's account for the amount of our fee and to directly remit that management fee to Seven Post and/or the Sub-Advisors. Any Financial Institutions recommended by Seven Post agree to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Seven Post.

### **Fees for Management During Partial Quarters of Service**

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Fees for management during partial quarters of service are detailed specifically in the Client Agreement.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

We do not currently accept performance-based fees; however, upon client request, Seven Post may provide investment advisory and management services on a performance fee basis. Performance-based fees are typically based on a share of client portfolio total return or capital appreciation of client assets. The details of such an arrangement would be specifically outlined in the Client Agreement.

## **Item 7. Types of Clients**

Seven Post may provide its services to individuals and institutions with substantial assets.

### **Account Minimums and Sub-Advisor Minimums**

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Seven Post generally advises clients with investable assets exceeding \$100 million and has established a minimum portfolio value threshold of \$50 million. However, under certain circumstances, this minimum asset level may be waived. Certain Sub-Advisors may, however, impose more restrictive account requirements and varying billing practices than Seven Post. In such instances, we may alter our corresponding account requirements and/or billing practices to accommodate those of the Sub-Advisors.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

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Seven Post's investment process is aligned with its investment philosophy: that the establishment and timely, tactical rebalancing of a sound asset allocation is a critical determinant of investment returns and risks. Seven Post provides investment advisory services that are customized to the client's investment objectives, time horizon and risk tolerances. Consequently, client mandates generally include the following key elements:

## **Dialogue / Establishing Investment Objectives**

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At the outset of every engagement, and on an ongoing basis, Seven Post engages in an active dialogue to gain an understanding of the client's goals, objectives and constraints. This dialogue may include the comparison of different portfolio alternatives, with relevant historical return and risk metrics (e.g. drawdown, volatility of returns). Seven Post collaborates with the client to establish or update the client's investment objectives. In certain instances, these objectives may be formalized as an investment policy statement with specific asset class ranges and risk parameters (e.g. estimated liquidity). Investment objectives typically represent a long term strategy for the portfolio(s). Seven Post is generally authorized to manage client portfolios within the parameters of the client's investment objectives.

## **Portfolio Design and Asset Allocation**

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Seven Post has developed an analytical framework for identifying potential investment risks and opportunities across various global, investment classes. Seven Post's analysis is based on fundamental factors, quantitative research into economic conditions and asset class valuation. Further, Seven Post reviews short-term behavioral indicators that may create investable opportunities during periods of market volatility. Seven Post receives input from a wide variety of third-party research sources to dynamically manage allocations. Seven Post also incorporates various sector risk factors to assess overall portfolio structure, positioning, diversification and risk levels. The risks inherent in an allocation approach to investing may include a) fundamental analysis that leads to the investment in an asset or strategy, while market conditions nonetheless negatively impact the value of the asset or strategy, and b) quantitative or technical analysis that identifies trends in economies or sectors, when the identified trend does not persist or reoccur. There is no guarantee that Seven Post will be able to accurately predict a trend in the future or to acquire investments at discounts to their estimated intrinsic value.

## **Portfolio Construction and Implementation**

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Seven Post actively implements, monitors, and rebalances the assets comprising the investment program. Based upon the client's investment objectives, the investment program may include both passive indices via exchange traded funds ("ETFs") and active strategies. For example, Seven Post's proprietary modeling of market conditions may determine tactical allocations among various global asset classes. Portfolio implementation and rebalancing are managed across several key variables, which may include: valuation, asset class, geography, market capitalization, style, sector, and liquidity. In an effort to better control risks, costs, and taxes (where applicable), Seven Post may allocate to proprietary core strategies, in core fixed income and global equities. These core strategies incorporate benchmark exposure with tactical positioning in a separate account structure.

## **Manager Selection and Due Diligence**

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Based upon the client's investment objectives, Seven Post may allocate certain client assets to active investment managers or Sub-Advisors. These Sub-Advisors are selected and monitored based upon



their expected ability to add diversified sources of return, reduce risk and/or exploit market inefficiencies within their mandate. Seven Post also believes that in certain key investment disciplines, skilled and flexible managers may be able to create attractive risk-adjusted, net-of-cost returns. Seven Post, on behalf of its clients, prefers managers who are co-invested in their strategies, and demonstrate strong internal governance and sound reporting practices. Seven Post utilizes both third-party and proprietary databases to track managers. As an independent advisor, Seven Post fully utilizes an “open architecture” model and freely selects Sub-Advisors that it expects to meet these objectives. The risks associated with the allocation of certain assets with Sub-Advisors include that we are relying on the expertise of third parties, as well as the ability of our diligence procedures to select and monitor appropriate Sub-Advisors. We will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Sub-Advisors’ ability to successfully implement their investment strategy. Seven Post does not have day-to-day supervisory or management responsibilities for Sub-Advisors.

### **Portfolio Monitoring, Risk Analysis and Management**

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We believe that Seven Post’s senior professionals have developed and practiced strong portfolio risk management procedures in multi-asset class global portfolios. Investment industry convention defines risk as the standard deviation of returns or volatility. For long-term investors, Seven Post prefers to define risk as the permanent impairment of capital rather than price volatility. Consequently, we believe that intermediate and long-term risk is best mitigated by a sound asset allocation. A successful long-term investment program is tactically adroit, but has a long-term outlook to be able to differentiate between a temporary correction and a permanent shift in fundamentals. Seven Post advocates diversification among global asset classes, within the client’s established objectives. Seven Post’s internal risk systems are oriented toward this philosophy. Subject to data availability, these risk systems incorporate fundamental valuation analysis, asset class / risk factor diversification, and transparent, consolidated analysis of underlying assets. Seven Post’s proprietary risk systems seek to assess and evaluate risks in client portfolios in addition to providing quantitative risk metrics (standard deviation of returns and drawdown). Seven Post periodically stress tests portfolio positioning against a variety of macro-economic and market scenarios in order to analyze potential portfolio risks.

Catastrophic risks are those posed by events that are relatively rare but can result in substantial portfolio losses. We periodically review various risks and the cost of insuring against substantial losses. At certain times, based on market pricing for such portfolio insurance, we may utilize hedging strategies in an effort to reduce the risk associated with such events.

We seek to avoid overconfidence in any investment strategy or view by utilizing an Investment Committee approach to decision making prior to any portfolio tactical investments or other changes. Seven Post reviews all client portfolio allocations on a periodic basis to ensure conformity with the client objectives (or policies).

## **Investment Economic Research**

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Seven Post utilizes several proprietary risk, allocation and valuation systems to provide a guidepost for its Investment Committee and clients. Further, as an independent advisor, Seven Post utilizes a wide variety of sources for economic, financial market and asset allocation research, including economic research organizations, various global investment banks, investment partners, and various other sources. The investment views of the firm are researched, analyzed, developed and implemented by its Investment Committee and applied in a customized manner consistent with client guidelines and/or objectives.

## **Risks of Loss**

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Investing in securities involves the risk of loss. There is no guarantee that any investment strategy will meet its objectives. Depending on the investment, clients may face the following risks:

### *Market Risks*

Client investments may be affected by general economic and market conditions, such as interest rates, availability of credit, commodity prices, and economic conditions, changes in law, trade barriers, currency controls, and political events. These factors may affect securities prices and liquidity. Such price volatility or illiquidity could result in losses. The profitability of a significant portion of Seven Post's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that we will be able to predict those price movements accurately.

### *Equity Risks*

Investments in equity securities involve significant risks. Prices of specific equity securities may fall irrespective of the movement of the overall securities market.

### *Fixed Income Risks*

Investment in fixed income securities involve certain risks including credit, interest rates, reinvestment, prepayment and duration, all of which may impact the price of the fixed income security. Market yield on longer maturity securities are more sensitive to price changes. High yield fixed income securities have significantly higher risks than investment grade fixed income securities. In the event of default, a fixed income investment may suffer a loss.

### *Liquidity*

Securities actively traded on exchanges may be subject to periods of illiquidity. Market disruptions may result in rapid price changes and could result in loss.

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### *Concentration*

Concentrated positions in single issuers or industries increase the risk of loss on investment.

### *International Investments*

Securities of issuers domiciled outside of the United States may have additional risks such as trade tariffs, currency controls, exchange rate fluctuations, withholding taxes, nationalization, political uncertainty and instability.

### *Short Sales, Leverage and Derivatives*

The utilization of short sales, leverage, and derivatives within a portfolio may increase the risk of loss.

### *Use of Private Collective Investment Vehicles*

If appropriate, Seven Post may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities.

### *Mutual Funds, Exchange Traded Funds (ETFs), and Commingled Investment Vehicles*

An investment in a mutual fund, ETF, or Commingled Investment Vehicle involves risk, including the loss of principal. Mutual fund, ETF, and Commingled Investment Vehicle shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds, ETFs, and Commingled Investment Vehicles are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value (“NAV”), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at

least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Force Majeure*

Acts of God, weather related disruptions, cyber-attacks, terrorist activity or armed conflict may negatively impact assets prices, country economic stability, company specific factors, exchange or trading operations and other investment operations.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

Seven Post is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Seven Post does not have any required disclosures to this Item.

## **Item 10. Other Financial Industry Activities and Affiliations**

Seven Post is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Seven Post does not have any required disclosures to this Item. Seven Post only provides investment advisory and management services; it does not receive any remuneration from Financial Institutions, Sub-Advisors or other third party vendors hired on behalf of clients.

## **Item 11. Code of Ethics**

Seven Post maintains a fiduciary duty to its clients. All investment activities of Seven Post and persons associated with Seven Post ("Associated Persons") are subject to this fiduciary duty of care.

Seven Post has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In

accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Seven Post or any of its associated persons. The Code of Ethics also requires that certain of Seven Post’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Associated Persons are permitted to buy or sell securities that they also recommend to clients as long as such trading is consistent with Seven Post’s policies and procedures.

When Seven Post is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Seven Post is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Seven Post to request a copy of its Code of Ethics.

### **Item 12. Brokerage Practices**

Seven Post does not provide brokerage or clearing services. As discussed above, in Item 5, we generally recommend qualified third party broker-dealers for our clients. Factors which Seven Post considers in recommending a broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Broker-dealers enable us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by a particular broker-dealer may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Seven Post’s clients comply with Seven Post’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where we determine that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

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Seven Post seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other Financial Institutions with whom Seven Post and the Financial Institutions have entered into agreements for prime brokerage clearing services. We periodically and systematically review our policies and procedures regarding our recommendation of Financial Institutions in light of our duty to obtain best execution.

The client may direct Seven Post in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and we will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by us (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to our duty of best execution, we may decline a client’s request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Seven Post decides to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among our clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among our clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which persons supervised by Seven Post may invest, we do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Seven Post does not receive any additional compensation or remuneration as a result of the aggregation. In the event that we determine that a prorated allocation is not appropriate under the particular circumstances, we will make the allocation based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines that prohibit it from purchasing other securities that are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de

minimis allocation in one or more accounts, Seven Post may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services that assist Seven Post in its investment decision-making process. Such research generally will be used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because we do not have to produce or pay for the products or services. Seven Post will not enter into an agreement with a broker-dealer that obligates us to direct a specific amount of transactions or commissions to such broker-dealer. Sub-Advisors retained by us to manage client portfolios may have research and brokerage practices that differ from our policies.

### **Software and Support Provided by Financial Institutions**

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Seven Post may receive from Financial Institutions, without cost to us, computer software and related systems support, which allow us to better monitor client accounts maintained at Financial Institutions. Seven Post may receive the software and related support without cost because we render investment management services to clients that maintain assets at Financial Institutions. The software and related systems support may benefit Seven Post, but not our clients directly. In fulfilling our duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that Seven Post's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

## **Item 13. Review of Accounts**

For those clients to whom Seven Post provides investment management services, we monitor client portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by an investment adviser representative. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with us and to keep us informed of any changes thereto. Seven Post contacts investment advisory clients at least annually to review the results of our previous services and/or recommendations and to discuss any potential changes in the client's financial situation and/or investment objectives. Reviews may also be conducted when reasonably requested by the client. Clients will also receive a written report from us that may include updated asset allocation, market value, and investment performance on a total portfolio and sector basis,

and detailed analysis of portfolio positions, at least semiannually. The Seven Post operations team manages transaction activity within the client accounts, managing liquidity, processing additions to and distributions from client accounts and responding to client requests.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Clients should compare the account statements they receive from their custodian with those they receive from Seven Post. Where agreed upon, clients may receive electronic copies of account statements and other materials from the broker-dealer or custodian.

Clients to whom Seven Post provides consulting services will receive reports from us summarizing our analysis and conclusions as requested by the client or otherwise agreed to in writing.

### **Item 14. Client Referrals and Other Compensation**

Seven Post often receives referrals from existing clients and other service providers. To date, we have not remunerated any third parties for such referrals. In the event any referral remuneration was to occur in the future, such remuneration would be made in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Further, Seven Post policy would require disclosure of any such arrangement.

### **Item 15. Custody**

Seven Post does not take physical possession of the assets or securities of any client. Our Client Agreement and/or the separate agreement with any Financial Institution may authorize us through such Financial Institution to debit the client's account for the amount of our fee and to directly remit that management fee to Seven Post in accordance with applicable custody rules.

The Financial Institutions recommended by us have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to us. In addition, as discussed in Item 13, Seven Post also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from us.



### Item 16. Investment Discretion

Seven Post may be given the authority to exercise discretion on behalf of clients. We are considered to exercise investment discretion over a client's account if we can effect transactions for the client without first having to seek the client's consent. We are given this authority through a power-of-attorney included in the Client Agreement. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). We reserve the right to reject any limitations we deem unreasonable and/or terminate the relationship.

### Item 17. Voting Client Securities

Seven Post may vote proxies where a client requests and the firm accepts such responsibility. We will only cast proxy votes in a manner we deem to be consistent with the best interest of its clients. Absent special circumstances, which are fully-described in Seven Post's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in our Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Seven Post to request information about how we voted proxies for that client's securities or to get a copy of our Proxy Voting Policies and Procedures. A brief summary of our Proxy Voting Policies and Procedures is as follows:

- Seven Post has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to Seven Post's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Seven Post devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Seven Post's vote on a particular solicitation but can revoke Seven Post's authority to vote proxies.
- Seven Post may delegate to a non-affiliated third party vendor, the responsibility to review proxy proposals and make voting recommendations to Seven Post. However, it remains our

responsibility to ensure that any third party recommendations followed will be consistent with the Proxy Voting Guidelines.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Seven Post maintains with persons having an interest in the outcome of certain votes, we take appropriate steps to ensure that our proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

### **Item 18. Financial Information**

Seven Post is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Seven Post has no disclosures pursuant to this Item.



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